THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH): (a) No, Sir.

(b) and (c) Do not arise.

Waiver of interest on repayment of loan

1669. SHRI BACHANI LEKHRAJ: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to introduce a scheme under which interest is proposed to be waived on the loan upto Rs. 25,000/- in the event of repayment of Principal amount of loan in lump sum;

(b) if so, the salient feature of the scheme; and

(c) the manner in which Government are likely to be benefited?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) have issued guidelines to public sector banks on 22nd December, 2001, for settlement of all loan accounts with outstanding balance upto Rs. 25,000/-. These guidelines cover all loan accounts with outstanding balance of principal amount upto Rs. 25,000/- in all sectors, suit-filed and decreed debts and will not cover cases of fraud malfeasance and will be operative upto June 30, 2002. Under these guidelines the amount that should be recovered would be the balance outstanding towards principal in the loan account as on 31st March, 1998 and any interest which is included in the outstanding amount as on 31st March, 1998 or accrued on the balance outstanding after 31st March, 1998, will be waived.

(c) The benefit of the scheme will accrue to the banks and the small borrowers and this will also reduce the stock of Non-Performing Assets (NPAs) in the small borrowal accounts.